

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA  
*Norfolk Division*

UNITED STATES OF AMERICA

v.

LEE HOPE THRASHER

Defendant

Criminal No. 2:04cr148

STATEMENT OF FACTS IN SUPPORT OF PLEA

The parties agree that the United States could have proven the following facts, which support the plea of guilty, in this case beyond a reasonable doubt at trial:

1. The facts set forth herein are supported by the testimony of numerous witnesses and victims of the defendants' fraudulent scheme. These facts are supported by documentary evidence of the transfers of the proceeds of the fraud by defendants HOWARD WELSH and LEE HOPE THRASHER. All of the conduct set forth below occurred in the Eastern District of Virginia and the United States of America except as otherwise represented.

2. Defendant WELSH resided in the Eastern District of Virginia from in or about 1996 continuing through August 2002, the exact dates being unknown, and lived among other places at 1919 Cranborne Court, Virginia Beach, Virginia 23456 with co-defendant THRASHER. During this period, defendant WELSH had no known prior employment in the banking or financial services fields. Defendant WELSH represented himself in promotional literature as an internationally-known business and financial consultant.

3. Defendant THRASHER was a resident of the Eastern District of Virginia and resided at 1919 Cranborne Court, Virginia Beach, Virginia 23456 from in or about December 1, 1994

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continuing until in or about August 2002. Defendant THRASHER had no employment in the banking or financial services fields.

4. Defendants WELSH and THRASHER created certain entities which they referred to as Awesome Power Financial Privacy System (hereinafter Awe-Sys), Living Your Sole Purpose (hereinafter LYSP), Zialogic Company Limited, Zialogic Bank, and Mother Earth Bank. In order to support the authenticity of the scheme, defendants WELSH and THRASHER persuaded members to form non-profit, tax-exempt, religious entities referred to as "Corporation Soles".

5. Defendants WELSH and THRASHER solicited and induced LYSP members to invest money and thereafter did not return their principal investment or returns on principal investment as promised. Defendants WELSH and THRASHER induced LYSP members to transfer money to bank accounts controlled by the defendants for investment at high rates of return. Defendant WELSH opened eight separate bank accounts in Tukwila, Washington, at U.S. Bank and KeyBank. In each account, defendant WELSH listed the account business address as Bridgewater & Co. Suites 14 & 15 – Pioneer Professional Plaza, Pioneer Way, Freeport, Bahamas. The mailing address appearing on the checks issued from each account at each bank bore the address P.O. Box F-41572, Freeport, Grand Bahama, Bahamas. The statement mailing address for each account was the defendants' home address of 1919 Cranborne Court, Virginia Beach, Virginia. The use of the Bahamas address created the appearance that these accounts were internationally-based.

6. Defendants WELSH and THRASHER agreed to solicit LYSP members to invest money whereby they caused to be made material statements and representations which induced LYSP members to participate in Special Endowment programs in which:

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a. members were promised various rates of return on their principal from various rates of return per month to as much as 100% in 30 days;

b. members were promised that their original principal would be returned to them within periods of time ranging from fourteen days to one year;

c. members were promised that they would receive a royalty payment of between 2% and 3% for any referral of a prospective LYSP member who subsequently became a LYSP member.

The defendants WELSH and THRASHER issued the following offers to prospective LYSP members:

CLOSING DATE OF OFFER	DESCRIPTION OF INVESTMENT	MINIMUM AMOUNT OF INVESTMENT
1/27/00	New Millenium Corporation Sole Investment Opportunity; 12-Month Contract; 12% Yield per Month; No Risk to Principle	\$50,000
4/15/00	Living Your Sole Purpose (AWE-SYS) Special Investment Opportunity; 12-Month Contract; 12% Yield per Month; No Risk to Principle	\$50,000
7/14/00	Living Your Sole Purpose (AWE-SYS) Special Endowment Increase Opportunity; 12-Month Endowment Agreement; Earn 12% per Month for 9 Months; Receive Your Principle Back in 90 Days	\$50,000
7/20/00	Living Your Sole Purpose (AWE-SYS) Special Endowment Increase Opportunity; 12-Month Endowment Agreement; Earn 12% per Month for 9 Months; Receive Your Principle Back in 90 Days	\$50,000
12/18/00	Living Your Sole Purpose Special Endowment Increase Opportunity; 12-Month Endowment Agreement; Earn 12% per Month for 10 Months; Receive Your Principle Back in 120 Days	\$50,000
1/24/01	Living Your Sole Purpose Special Endowment Increase Opportunity; 3-Month Endowment Agreement; Earn 100% Increase in 90 Days; Receive Principle Back On/About May 1st	\$50,000

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CLOSING DATE OF OFFER	DESCRIPTION OF INVESTMENT	MINIMUM AMOUNT OF INVESTMENT
2/28/01	Living Your Sole Purpose Special Endowment Increase Opportunity; 1-Month Endowment Agreement; Earn 100% Increase in 30 Days	\$50,000
5/23/01	Zialogic Special Increase Opportunity; 14-Day Endowment Agreement; Receive All of Your Original Principle Back in 14 Days Plus 90%	\$50,000

7. Defendants WELSH and THRASHER mailed and transmitted, or caused to be mailed and transmitted in interstate commerce to LYSP members, special wiring instructions to accomplish the transfer of members' funds to bank accounts controlled by defendants WELSH and THRASHER and others. This caused LYSP members to wire-transfer and mail approximately \$31,000,000 under the belief that the money would be safely invested and returned as set forth in the promotional offers described above.

8. On or about the dates specified in the counts set forth below, in the Eastern District of Virginia, for the purpose of executing the aforesaid scheme and artifice to defraud, defendants WELSH and THRASHER knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs and signals, to-wit, wire transfers as noted below. Each wire transmission constituting a separate count as alleged in Counts 2 and 3 of the indictment.

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COUNT	DATE	RELATED BANK INFORMATION	AMOUNT OF WIRE TRANSFER
2	1/26/00	National Financial Services Corporation account from Boston, Massachusetts to Crestar Bank, Virginia Beach, Virginia	\$99,985.04
3	3/07/00	Morgan Stanley Dean Witter account from Sunrise, Arizona to Wachovia Bank, N.A., Virginia Beach, Virginia	\$6,000.00

9. On or about March 25, 2000, in the Eastern District of Virginia, for the purpose of executing the aforesaid scheme and artifice to defraud or for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises the defendants WELSH and THRASHER did knowingly caused to be placed in a post office, and an authorized depository for mail matter to be sent and delivered by the Postal Service or deposited or caused to be deposited a matter or thing to be sent or delivered by private or commercial interstate carrier according to the directions thereon the following matters and things, to wit, defendants WELSH and THRASHER caused to be mailed personal check number 1138, dated March 25, 2000, in the amount \$1,500 to LYSP, 1919 Cranborne Court, Virginia Beach, Virginia, as alleged in Count 27 of the indictment.

10. Defendants WELSH and THRASHER mailed, or caused to be mailed, to LYSP members monthly statements of account activity from Zialogic Company Limited, Providenciales, Turks and Caicos Islands, British West Indies. Defendants WELSH and THRASHER made false statements to LYSP members that their accounts were safely on deposit in a legitimate investment account and were earning the promised rates of return each month.

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Defendants WELSH and THRASHER knew that no such accounts existed and that no increase in their principal investment had been realized. It was at the direction of defendants WELSH and THRASHER that these false monthly statements of account activity were created and mailed from within the Eastern District of Virginia.

11. Defendants WELSH and THRASHER told members of the location of their funds and the nature of the investment, yet the evidence shows that, in excess of \$31,000,000 was wire-transferred by defendant WELSH from bank accounts in the State of Washington to various locations around the world and these funds were not deposited with Zialogic Company Limited, Zialogic Bank, or Mother Earth Bank as represented.

12. Defendants WELSH and THRASHER caused to be mailed and transmitted to LYSP members various material documents, letters, and numerous e-mails relating to the safety and return of members' funds. These documents, letters, and e-mails were relied upon by the LYSP membership.

13. On or about September 15, 2001, defendants WELSH and THRASHER caused to be mailed and transmitted letters to the LYSP membership telling them, "By having resolved these matters to everyone's legal satisfaction, we are now able to successfully fulfill all of the promises made by Living Your Sole Purpose." Also, "In addition, our lawyers will begin the process of disbursing your alms by check to those Overseers who have been advised that you are part of the first disbursement group."

14. On or about September 30, 2001, defendants WELSH and THRASHER caused to be mailed and transmitted a letter which stated that LYSP had retained a group of "highly qualified and experienced lawyers who are well versed in the spiritual and legal foundations of

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the Corporation Sole." The letter further stated that "the alms are safe and secure and are on deposit in a bank in which they are being processed so that the full amount to which you are entitled will be disbursed to you. There is no doubt that once you have attended the general meetings, you will understand why we have been so careful in taking every precaution in this disbursement process."

15. On or about October 4, 2001, defendant THRASHER caused to be sent an e-mail from internet address adw922@msn.com which stated that, "due to changes in the banking industry resulting from the terrorist attacks, the banking industry has tightened up their controls and are requiring more information and no funds could be returned at that time." The e-mail further advised that "folks considering filing a law suit will only exacerbate the situation. We are so very close; those tactics could keep the funds from ever being disbursed. We are up to our ears here and if you can assist us with diffusing the fear of others it would be helpful." The e-mail was signed, "Love and Light; Lee-Hope".

16. On or about August 7, 2002, defendants WELSH and THRASHER departed the Eastern District of Virginia and their whereabouts were unknown to both law enforcement authorities and most of the LYSP membership.

17. On or about October 27, 2002, defendants WELSH and THRASHER caused an e-mail to be sent to the LYSP members stating, "Carol Willman, who is an IRS agent, Jack Moughan, an FBI agent, have been leading these inquiries. Although we know that Carol and Jack mean well from their jurisdiction, they have been fed a lot of conjecture and misguided assumptions that in turn have led them to false conclusions....However, because the IRS is

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involved in this investigation how you respond, should you even choose to do so, should adversely affect you or your corporation sole."

18. On or about January 27, 2004, defendant THRASHER caused a letter to be mailed which stated in part, "It is important that overseers not get into what the agencies are telling them. No Overseer is a victim (or will be)... We know whose behind the lies now and we will get this straightened out."

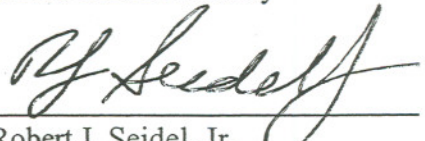
19. On November 29, 2004, defendants WELSH and THRASHER, using the aliases Holmes Golden and Hope Morgan respectively, were arrested at a railway station in Shropshire, England, by law enforcement authorities.

20. During the early period of the program, defendants WELSH and THRASHER returned some money to LYSP members. The United States Government seized approximately \$1.9 million and the money will be remitted to certain victims. The parties agree that the Court will determine the exact figure at sentencing to offset any restitution.

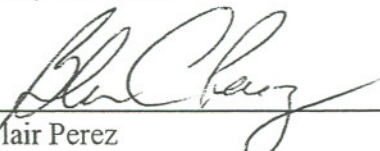
Based on the foregoing, the parties agree the evidence would be established beyond a reasonable doubt that the defendant violated Title 18, United States Code, Sections 371, 1341, and 1343 as alleged in Count One, Count Two, and Three of the indictment. The defendant admits the facts set forth in the statement of facts filed with the plea agreement and agrees that those facts establish guilt of the offense charged beyond a reasonable doubt.



Chuck Rosenberg  
United States Attorney

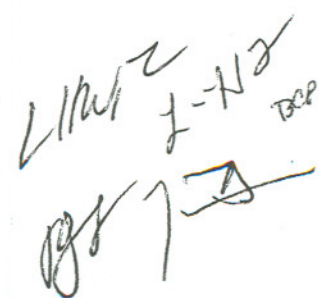
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Defendant's Signature: I have read this statement of facts and carefully reviewed  
every part of it with my attorney. I voluntarily agree and stipulate that the above Statement of

  
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Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Date: 10/9/06

Lee Hope Thrasher  
Lee Hope Thrasher, Defendant

Defense Counsel Signature: I am counsel for the defendant in this case. I have carefully reviewed every part of this statement of facts. To my knowledge, the defendant's decision to enter into this agreement on the facts is an informed and voluntary one.

Date: 9/29/06

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